

## Memorandum

**To** : Ms. Cynthia Bridges  
Executive Director (MIC 73)

**Date:** September 25, 2014

**From** : Mr. Jeffrey L. McGuire, Deputy Director  
Sales and Use Tax Department (MIC 43)

**Subject** : **Board Meeting October 14-15, 2014**  
**Item N: Administrative Agenda**  
**Proposed Revision to Compliance Policy and**  
**Procedures Manual Chapter 5, Returns**

In accordance with the established procedures for audit and compliance manual revisions, I am submitting the proposed revision to Compliance Policy and Procedures Manual (CPPM) Chapter 5, *Returns*, sections 535.000 through 535.020.

The proposed revision, which incorporates current policies and procedures, has been reviewed and approved by SUTD management, provided to Board Members, and posted at <http://www.boe.ca.gov/sutax/pmr.htm> to solicit comments from interested parties. No comments were received from Board Members or other interested parties.

The revised section is attached for your reference. We request your approval to forward this item to the Board Proceedings Division for placement on the Administrative Agenda as a consent item at the October 2014 meeting.

If you have any questions, please let me know or contact Ms. Susanne Buehler at 324-1825.

JLM:rs  
Attachment

### STATE BOARD OF EQUALIZATION

BOARD APPROVED

At the October 14, 2014 Board Meeting

Joann Richmond  
Joann Richmond, Chief  
Board Proceedings Division



Approved:

Cynthia Bridges  
Ms. Cynthia Bridges  
Executive Director

cc: (all with attachment)

Mr. David Gau (MIC 101)  
Mr. Wayne Mashihara (MIC 46)  
Ms. Susanne Buehler (MIC 92)  
Ms. Lynn Bartolo (MIC 57)  
Mr. Richard Parrott (MIC 88)  
Mr. Kevin Hanks (MIC 49)  
Mr. John Thiella (MIC 82)  
Mr. Marc Alviso (MIC 101)  
Mr. Chris Lee (MIC 101)

## **REQUESTS FOR RELIEF FROM PENALTIES, FEES, INTEREST, AND REQUESTS FOR EXTENSIONS FOR FILING RETURNS** 535.000

### **RELIEF REQUESTS AND EXTENSIONS IN GENERAL** 535.010

~~For good cause~~ Under certain statutes in the Revenue and Taxation Code (RTC), the ~~Board~~ BOE may grant relief from penalties, interest, and/or collection cost recovery fees, or grant extensions for making any filing returns or payments due under the revenue laws that it administers. ~~This authority is given by RTC section 6459. This authority is also provided for other revenue programs administered by the Board. Maximum extensions that may be granted are one month under all of the laws. Any request for an extension must be filed with the Board within or prior to the period for which the extension may be granted. Requests filed at any other time cannot be considered regardless of the basis for the request. In requesting an extension, the taxpayer need not use any particular form, but the request must be in writing and must state the reason for the request. Although not required, a taxpayer may file on Form BOE-468. Form BOE-735, Request for Relief from Penalty, is also available for these requests.~~

~~Any person to whom an extension is granted must pay, in addition to the tax, interest at a rate established by RTC section 6591.5. If the tax is paid within the extension period, the delinquency penalty is not applicable. If an extension is granted and tax is not paid within the extension period, the return and payment are considered delinquent and, in addition to the interest, the delinquency penalty must also be added.~~

Requests for relief are generally submitted online at the BOE website. Staff should encourage taxpayers/feepayers (taxpayers) without internet access to visit a field office or another location with internet access to complete the request. However, if these options are not possible, staff may print and mail the following forms available on eBOE:

- BOE-735, Request for Relief from Penalty, Collection Cost Recovery Fee, and/or Interest
- BOE-135, Declaration of Timely Mailing
- BOE-468, Request for Extension of Time to File a Tax Return

In cases where a paper request is received in a field office, staff should forward the document to the appropriate headquarters section, unit, or branch. For accounts administered by the Sales and Use Tax Department, requests relating to self-assessed liabilities are processed by the Return Analysis Unit, and requests relating to BOE-assessed liabilities are generally processed by the Petitions Section. For accounts administered by the Special Taxes Policy and Compliance Division, requests relating to self-assessed liabilities are processed by the Compliance Branch, and requests relating

to BOE-assessed liabilities are generally processed by the Appeals and Data Analysis Branch. The requests are entered in the Difference Subsystem (DIF RR) in IRIS by headquarters staff.

Field office staff has a responsibility to make appropriate recommendations to headquarters sections or units processing the requests.

## **ONLINE REQUESTS AND EXTENSIONS**

**535.012**

To submit a request online, taxpayers must first log in with their User ID and password, or by using the Express Login method. Taxpayers who log in using their User ID and password will be able to view the status of their request, but those who use the Express Login method will not. In addition, any person who is not an owner of the business (e.g. CPA, bookkeeper, authorized representative) must obtain specific permission to submit an online request for their client. A BOE-91-B, *Tax/Fee Payer Authorization for Tax Preparer to Perform Electronic Services*, may be submitted by taxpayers to grant authority to their representatives.

The following types of requests may be made online:

- Declaration of Timely Mailing (DTM),
- Extensions of Time to File a Tax/Fee Return (Extension),
- Relief from Penalty (ROP),
- Relief from Interest Due to an Unreasonable Error or Delay by BOE or the DMV (ROI),
- Relief from Penalty and Interest due to a Disaster (DIS), and
- Relief from the Collection Cost Recovery Fee (CRF).

Once the online request is submitted, a confirmation page is provided with the status of the request. In addition to a confirmation page, taxpayers who provide an email address will receive an email acknowledgement of their submission.

## **SYSTEM PROCESSING OF ONLINE REQUESTS**

**535.015**

Upon submission of the online request, the system will review the taxpayer's account and take one of the following immediate actions:

- Automatically grant the request,
- Automatically deny the request,
- Advise the taxpayer via email and/or through the confirmation page that BOE is unable to process the request and provide directions on how to proceed, or
- Place the request in Pending status and create an assignment for staff to resolve.

**Automatic Grant** – The types of requests that can be automatically granted are DTM, ROP, and Extensions. When one of these requests meets certain criteria, as outlined

in RTC sections 6459 and 6592 and similar statutes for special taxes, and the amount subject to relief is under \$5,000, the system will automatically grant the request. Generally, automatically granted requests do not create assignments; however, staff may receive a follow up assignment such as an unapplied payment assignment to review and process. The taxpayer is advised of the automatic grant via email and/or the confirmation page. In addition, a statement of account with the proper bill notes is automatically sent to the taxpayer, when applicable.

**Automatic Denial** – Only DTMs and Extensions may be automatically denied. When a request for DTM or Extension meets certain criteria (i.e. does not meet the requirements under the applicable RTC sections), the system will automatically deny the request. Automatically denied requests do not create an assignment for staff. The taxpayer is notified via email and/or the confirmation page that their request was denied.

**Unable to Process** – Requests in which the taxpayer must take an additional action before it can be processed will be placed in an Unable to Process status. An example is when a taxpayer requests relief from penalty but the return has not been filed. The taxpayer is advised via email and/or the confirmation page that their request could not be processed and includes an informational message listing possible conditions that were not met to allow for processing of their request. Once the taxpayer has corrected all the conditions (e.g. filed the tax or fee return), the taxpayer may resubmit the request or contact BOE to process the original submitted request.

**Pending** – When a request does not meet the criteria for any of the above actions, the system places the request in Pending status. The taxpayer is advised via email and/or the confirmation page that the request is being reviewed and may take between 30 to 90 days for processing, depending on the type of request. An assignment is created in Assignment Control (ASC) in IRIS for all pending requests. Assignments are routed to the appropriate unit/section staff. All requests for ROI, DIS, and CRF are placed in Pending status due to the complexity of these requests.

## **STAFF PROCESSING OF ONLINE REQUESTS**

**535.017**

Assignments are automatically created in ASC for pending online requests and are routed to the proper office, workgroup, and role using set criteria. Additionally, unapplied payment assignments, as well as other assignments requiring staff action, are also assigned in ASC. Staff in the following units/sections will receive these assignments to process:

- Return Analysis Unit
- Petitions Section
- Special Taxes Audit and Carrier Division
- Special Taxes Policy and Compliance Division

- [Motor Carrier Office](#)
- [Consumer Use Tax Section](#)

[In some cases, requests may require supervisory approval to be finalized. If approval is required, an assignment will automatically generate in ASC for the designated approver to review.](#)

[All online relief requests may be accessed from the ASC AB or ASC IB \(Assignment Control\) or the DIF BQ \(Difference Browse\) screens in IRIS. Staff with the appropriate user security access levels will be able to navigate to view and/or process the requests through the following screens:](#)

<a href="#"><u>Request Types</u></a>	<a href="#"><u>IRIS Screens Accessed from DIF BQ or ASC</u></a>	<a href="#"><u>IRIS Processing Screens</u></a>	<a href="#"><u>Final Processing Screens</u></a>
<a href="#">Declaration of Timely Mailing</a>	<a href="#">DIF W1</a>	<a href="#">DIF W1</a>	<a href="#">W1</a>
<a href="#">Extension of Time to File a Tax/Fee Return</a>	<a href="#">DIF W2</a>	<a href="#">DIF W2</a>	<a href="#">W2</a>
<a href="#">Relief from Penalty</a>	<a href="#">DIF W3</a>	<a href="#">DIF W8</a>	<a href="#">W7</a>
<a href="#">Relief from Interest Due to an Unreasonable Error or Delay by BOE or the DMV</a>	<a href="#">DIF W4</a>	<a href="#">DIF W8</a>	<a href="#">W7</a>
<a href="#">Relief from Penalty and Interest due to Disaster</a>	<a href="#">DIF W5</a>	<a href="#">DIF W8</a>	<a href="#">W7</a>
<a href="#">Relief from Collection Cost Recovery Fee</a>	<a href="#">DIF W6</a>	<a href="#">DIF W8</a>	<a href="#">W7</a>

[Staff responsible for processing relief requests must update the online request status with their recommendation and must follow internal procedures to ensure proper correspondence is sent to taxpayers \(i.e. statements, letters, etc.\). There may also be instances when no further action is required by staff. For example, if an online request is a duplicate, does not meet system/administrative conditions to process, etc., staff may change the status of the assignment to “NFA,” meaning no further action is required, which will finalize the online request and close the assignment.](#)

## **AUTHORITY FOR GRANTING EXTENSIONS**

**535.020**

[Authority to grant an extension to file a sales and use tax return is given by RTC section 6459, and similar statutes for other programs administered by the BOE. The maximum length of time an extension may be granted under all programs is one month. Any request for an extension must be filed with the BOE no later than one month after the return due date. Requests filed at any other time cannot be considered regardless of the basis for the request.](#)

[When an extension has been granted, the taxpayer must pay, in addition to the tax, the interest at a rate established by RTC section 6591.5. If the tax is not paid within](#)

the extension period, the late penalty will be due in addition to the tax and interest.

~~Only the headquarters Return Analysis Section has the authority to grant or deny extension requests for all sales and use taxes. Extension requests for all other taxes are granted or denied by the Special Taxes Department. Every request received in a district office or by a representative in the field must be transmitted to headquarters for consideration and decision.~~

~~The districts have a responsibility to make appropriate recommendations to headquarters of every extension request that they receive and transmit, and should do so in order to help guide headquarters in reaching a decision. If district personnel have knowledge that the request is not well founded, they should so report.~~